



State of Connecticut

Office of Consumer Counsel

Mary J. Healey
Consumer Counsel

The Energy and Technology Committee
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Raised Bill 1075, AAC Competitive Electric Suppliers

Testimony of Mary J. Healey, Consumer Counsel
Presented by Joseph A. Rosenthal, Principal Attorney

The Office of Consumer Counsel (OCC) has carefully reviewed and has concerns about Raised Bill No. 1075, AAC COMPETITIVE ELECTRIC SUPPLIERS.

Section 1 of the Bill would, among other things, reduce the term of a competitive supplier's "qualifying electric offer" from one year down to six months. Qualifying electric offers are a special kind of offer from a competitive supplier, in that customers that are initiating service, making an inquiry about their rates, etc. must be told by their electric distribution company of the presently available qualifying electric offers from competitive suppliers if the customer expresses an interest in hearing about electric supply options. Thus, competitive suppliers get a free marketing benefit from the electric distribution companies for their qualifying electric offers. In return for this free marketing benefit (which is actually paid for by ratepayers) ratepayers have a right to expect that a qualifying electric offer from a competitive supplier will be a durable, high quality offer. In this regard, reducing the qualifying electric offer term from one year to six months could have unfortunate consequences. For example, it would allow competitive suppliers to retain the customer in the winter and spring and then send the customer back onto utility standard service in the summer, when market prices are highest and thus the competitive supplier may have difficulty providing an attractive price. Such activities by competitive suppliers tend to increase the cost of standard service by rendering the size of the standard service load less predictable during procurement. Thus, it would probably be better to continue to require that competitive suppliers, in exchange for the free marketing benefit they receive, continue to provide customers with a full year of supply service at a defined rate.

Section 3 of the Bill would replace telephone verification of a customer's choice of a competitive supplier by an *independent* third party with provisions that would allow the competitive supplier itself to record the conversation and notify the electric distribution company of a customer's choice. Although the bill provides that the telephone verification is "subject to an audit," OCC is unsure as to whether the audit provision provides the same level of protection as having the involvement of an independent third party in the telephone verification process. OCC would like to hear the views of other stakeholders, including the electric distribution companies, on this issue.